

1. (Currently Amended) A method for transferring intellectual property (IP) between competing parties, ~~wherein the parties include a manufacturer of products and a licensor of the IP, comprising:~~

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generating a license agreement between the parties that includes a royalty rate, a mark-up rate, and a target division of manufactured products that include the IP;

determining the royalty rate as a first percentage of a cost of a component material of the manufactured products ~~using a computer system;~~

determining the mark-up rate as a second percentage of the cost of the component material of the manufactured products ~~using the computer system;~~

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~~selecting a target net material cost using the computer system, wherein the net material cost is on a per-unit basis;~~

determining the target division of the manufactured products as a split of the products between the parties that results in ~~the target net material cost using the computer system; and~~

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~~dividing the manufactured products between the manufacturer and the licensor in accordance with the target division, wherein the target division includes a demand division based on demand for the manufactured products.~~

2. (Currently Amended) The method of claim 1, further comprising:

Deleted: wherein the parties include a manufacturer of the products and a licensor of the IP, the method

transferring royalty payments from the manufacturer to the licensor for each product retained by the manufacturer, wherein the royalty payments are determined using the royalty rate; and

transferring mark-up payments from the licensor to the manufacturer for each manufactured product received by the licensor, wherein the mark-up payments are determined using the mark-up rate.

Deleted: dividing the manufactured products between the manufacturer and the licensor in accordance with the target division, wherein the target division includes a demand division based on demand for the manufactured products;

3. (Original) The method of claim 1, wherein a party taking more products than allocated to the party under the target division would realize an increasing net material cost.
4. (Original) The method of claim 1, wherein a party taking fewer products than allocated to the party under the target division would realize a decreasing net material cost.
5. (Original) The method of claim 1, wherein the target division results in a net material cost that is approximately equal for each of the parties.
6. (Currently Amended) The method of claim 5, wherein the target division is determined so that a first ratio of a number of products allocated to the licensor to a number of products allocated to the manufacturer is approximately equal to a second ratio of the royalty rate to the mark-up rate.
7. (Original) The method of claim 1, wherein the net material cost is an average net material cost averaged across a number N of the manufactured products.
8. (Original) The method of claim 1, further comprising adding a penalty royalty to the royalty rate when a manufacturer of the products retains a number of products that exceeds a manufacturer's share of the target division.
9. (Original) The method of claim 8, wherein the penalty royalty is a third percentage of the cost of the component material of the products.
10. (Original) The method of claim 8, wherein the penalty royalty is charged for each of the retained products that exceeds the manufacturer's share of the target division.

Deleted: wherein the parties include a manufacturer of the products and a licensor of the IP.

11. (Original) The method of claim 8, wherein the penalty royalty is incrementally increasing in proportion to the number of products retained by the manufacturer.
12. (Original) The method of claim 1, further comprising adding a penalty mark-up to the mark-up rate when a licensor of the IP acquires a number of products that exceeds a licensor's share of the target division.
13. (Original) The method of claim 12, wherein the penalty mark-up is a fourth percentage of the cost of the component material of the products.
14. (Original) The method of claim 12, wherein the penalty mark-up is charged for each of the products that exceeds the licensor's share of the target division.
15. (Original) The method of claim 12, wherein the penalty mark-up is incrementally increasing in proportion to the number of products acquired by the licensor.
16. (Original) The method of claim 1, wherein the component material is at least one of silicon and a silicon wafer.
17. (Original) The method of claim 1, wherein the manufactured product is an integrated chip.
18. (Original) The method of claim 1, wherein the IP includes at least one of technology, patents, and trade secrets.
19. (Original) The method of claim 1, further comprising transferring the IP among the parties under the license.
- 20-25. (Canceled)

26. (Currently Amended) A method comprising:
- identifying a product for manufacture and sale;
 - setting a royalty rate that is a first percentage of a cost of a component material of the product using a computer system;
 - setting a mark-up rate that is a second percentage of the cost of the component material using the computer system;
 - identifying a target split of at least one production group of the product that results in a target net material cost using the computer system, wherein the target split includes a first number of the products retained by a first party and a second number of the products for delivery to a second party; and
 - generating using the computer system an agreement between the first party and the second party under which the first party manufactures and sells the product in accordance with the royalty rate and the target split and the second party sells the product in accordance with the mark-up rate and the target split.
27. (Original) The method of claim 26, wherein the first party pays the royalty rate to the second party for each product produced by the first party, wherein the second party pays the mark-up rate to the first party for each product acquired for resale from the first party.
28. (Currently Amended) The method of claim 26, wherein the target split results in a net material cost that is approximately equal for each of the parties and a party taking more products than allocated to the party under the target split would realize an increasing net material cost and a party taking fewer products than allocated to the party under the target division would realize a decreasing net material cost wherein the net material cost is on a per-unit basis.
29. (Original) The method of claim 26, wherein the first party and the second party compete in a market for sales of the product.

30. (Currently Amended) A method for supplying products in a market, comprising:
- transferring technology of the products between parties including a licensor and a licensee;
 - establishing a royalty rate that is a first percentage of a cost of a component material of the products and establishing a mark-up rate that is a second percentage of the cost of the component material using a computer system;
 - identifying a target division of manufactured products that results in a target net material cost using the computer system, wherein the net material cost is on a per-unit basis;
 - manufacturing the products using the transferred technology and transferring royalty payments from the licensee to the licensor, wherein the royalty payments are determined using the royalty rate;
 - dividing the manufactured products between the licensor and the licensee in accordance with the target division and transferring mark-up payments from the licensor to the licensee for each manufactured product received by the licensor; and
 - supplying the products to customers in the market, wherein the products are available for purchase from the licensor and the licensee.
31. (Original) The method of claim 30, wherein a party taking more products than allocated to the party under the target division would realize an increasing net material cost and a party taking fewer products than allocated to the party under the target division would realize a decreasing net material cost.
32. (Original) The method of claim 30, wherein the target division results in a net material cost that is approximately equal for each of the parties.
33. (Original) The method of claim 30, further comprising adding a penalty royalty to the royalty rate when the licensee retains a number of products

that exceeds a licensee's share of the target division.

34. (Original) The method of claim 33, wherein the penalty royalty is a third percentage of the cost of the component material of the products.
35. (Original) The method of claim 30, further comprising adding a penalty mark-up to the mark-up rate when the licensor acquires a number of products that exceeds a licensor's share of the target division.
36. (Original) The method of claim 35, wherein the penalty mark-up is a fourth percentage of the cost of the component material of the products.
37. (Original) The method of claim 30, wherein the transferred technology includes at least one of patents and trade secrets.